SUPREME COURT, U. S.
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In the Supreme Court of the United States

OCTOBER TERM 1960

No. 199

JONES & LAUGHLIN STEEL CORPORATION
Petitioner

vs.

THE J. R. CLARK COMPANY, AND JOHN R. CLARK
Respondents

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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FOREWORD

Respondents take no issue with respect to petitioner's statements concerning reporting of the OPINIONS BELOW or with respect to the JURISDICTION of this Court.

The QUESTIONS PRESENTED, however, as stated by petitioner, are believed to be somewhat inaccurate as not reflecting the materially admitted facts and as not truly presenting the questions involved as submitted to and decided by the courts below. The stated Question 1, which concerns the res judicata aspect of the case, omits certain critical factors and includes certain irrelevant factors. Using the petitioner's same general sentence structure, this question is more accurately and simply stated as follows:

> Is a judgment of patent validity and infringement against manufacturer A binding upon manufacturer B when B purchased from A, during the pendency of the litigation resulting in the judgment and with the knowledge that it was pending, the entire infringing business of A and then continued thereafter to make and sell the infringing products?

The purchase by B (petitioner here) of the infringing business itself and B's continuance of the infringement started by A are not mentioned by petitioner in its question as posed, and these are believed to be important factors here. On the other hand, B's acquisition of unpatented tools, drawings, raw materials, etc., are believed unimportant except as evidence that the entire infringing business was acquired, a fact admitted by petitioner.

The second question presented by the petitioner is believed to be completely moot, as both courts below have unequivocally held that the two Olander patents were for different inventions. The Court of Appeals in its opinion (App. 21) states:

> "The District Court found that the two patents were not for the same invention because each was for a specific different combination of elements and each contained limitations not found in the other. We agree."

The question posed by the petitioner presupposes a contrary determination below. Inasmuch as this supposed fact, a critical one in the cited *Miller v. Eagle Manufacturing Co.*, 151 U. S. 186, does not exist, it is difficult to see how petitioner's stated question would have any bearing on this case regardless of how it is answered.

RESPONDENTS' STATEMENT OF THE CASE

There are two completely independent and distinct issues involved in this case. Determination of each is dependent upon a set of facts which is unrelated to that of the other.

The question of res judicata is dependent upon relationship between the petitioner and the adjudged infringer of the Olander patent here in suit, namely, Geuder, Paeschke & Frey (G. P. & F.). The material facts concerning this relationship are clear and undisputed and are lucidly set forth at the beginning of Judge Duffy's opinion on behalf of the Circuit Court of Appeals below.

Briefly stated, the petitioner purchased the entire infringing ironing table business of G. P. & F. during pendency of infringement litigation in Wisconsin between respondents and G. P. & F. Petitioner, with full knowledge of the Wisconsin suit, purchased from G. P. & F. the entire stock of ironing tables later held to infringe and continued to manufacture and sell "substantially identical" tables despite the judgment of infringement against G. P. & F.

Respondents' motion for summary judgment against petitioner was granted below on the ground that with this set of facts the petitioner was in privity with G. P. & F. in the Wisconsin litigation and is bound by the decision therein under the doctrine of res judicata.

Petitioner's allusions in its STATEMENT OF THE CASE to the other unpatented assets purchased from G. P. & F. and to its subsequent sale of the assets to Arvin Industries, Inc., are not contradicted, but neither are they in any way relevant to the question here before the Court.

As far as the alleged issue of double patenting is concerned United States patents No. 2,663,101 and No. 2,-

663,102, both issued the same day as a result of applications filed by the same inventor. The District Court and the Court of Appeals below held that there could be no double patenting as between these two patents for two reasons. First, the patents were for different inventions and, secondly, there can be no double patenting as between patents issuing on the same day.

The 102 patent here in suit is the more basic and was filed approximately two years prior to the application resulting in the 101 patent which concerns improvements. The patents were classified in different subclasses by the United States Patent Office, with the 102 patent being placed in the higher numbered subclass and thus given the higher patent number, a practice conventionally carried out by the Patent Office for all patents issuing on any one day.

ARGUMENTS

I.

Petitioner was in privity with G. P. & F. in the Wisconsin litigation and is accordingly bound by the judgment in that suit.

There is no dispute between the parties as to the facts involved here. The record clearly supports the fact (deemed "somewhat surprising" by Judge Steckler in the District Court) that petitioner with full knowledge of the Wisconsin suit, which had been tried earlier in the same year, purchased the assets of G. P. & F.'s Consumer Products Division which manufactured the ironing tables charged to infringe the Olander 102 patent. These assets include a stock of tables as well as tools, drawings, and raw materials for making the same. Petitioner then con-

tinued to manufacture and sell the tables just as G. P. & F. had done. Subsequently the tables of the type which went with the sale of the business were held to infringe.

Thus the petitioner was actually a successor to the infringing business. It entered this relationship admittedly and fully aware of the pending infringement suit, stepping directly into the shoes of G. P. & F. to gain the benefit of or to be bound by, any decision to be rendered by the Wisconsin Court in that suit. A stronger case of privity is difficult to envisage.

The logic and justice in holding the purchaser in such a situation bound by the results of the litigation can be no more clearly stated than it was in *G. & C. Merriam Co. v. Saalfield* (C. C. A. 6) 190 Fed. 927, 930, and quoted by the Court of Appeals below:

> "If a third party may thus come into the acquisition of rights involved in pending litigation without being bound by the final judgment, and require a suit de novo in order to bind him, he might, pending that suit, alienate that right to another with the same result and a final decree bearing fruit could never be reached."

Petitioner in its brief proposes a rather amazing theory, which is certainly new to this litigation, arguing that the decision of the courts below has the effect of restraining the sale of unpatented articles. The decision obviously has no such import. It merely holds that if during the pendency of a patent infringement suit, a third party purchases from the defendant and continues to carry on the business of manufacturing and selling the alleged infringing product with full knowledge of the suit, then that third party is a privy to the ultimate judgment.

Certainly the defendant can sell its unpatentable tools and materials to another. There is no disability extend-

ing for the life of the patent as indicated by petitioner. The petitioner here did not become a privy to the Wisconsin judgment by merely buying unpatented tools and materials from G. P. & F. There were many other more important factors which led to its acquiring such a status. The litigation was pending at the time of the purchase and no decision had been rendered. Petitioner knew this. It purchased the entire business of manufacturing and selling the infringing articles including an inventory thereof. Then it continued to operate the business, all while the suit was still pending. In substance, even though the trial had been held, the petitioner voluntarily and knowingly substituted itself for its vendor-litigant to gain the fruits of a favorable decision or to be bound by an unfavorable one.

If it can be said that the petitioner itself did not have a day in court, it waived that right by voluntarily stepping into the shoes of its vendor which did have its day in court throughout a full and complete trial and by doing this while the result of the litigation was in doubt. Certainly the "desirability of finality of judgment", referred to by petitioner, should dominate a possible situation where a business can be transferred from one to another ad infinitum, requiring a never ending parade of lawsuits by a patentee against the same infringing article.

Thus, the decision below is not directed to a mere succession of ownership of unpatented articles as suggested by petitioner. Rather it is based on a full and complete successorship to and the continuance of a business charged to infringe the patent rights of another. Clearly, then, the decision cannot conceivably be interpreted as in any way restraining the sale of unpatented articles.

II.

The double patenting question here presented is moot.

The lower courts in this case have both held that there is no double patenting as between the two Olander patents for two reasons. First, the patents have been held to be for two different inventions and, second, it has been held that there can be no double patenting as between patents issuing on the same day. Here the petitioner presents only the second question for review.

Petitioner's bold assertion in its brief (p. 12) that respondents' 101 and 102 patents are for essentially the same article is completely unsupported in the record. Claim 1 of the 101 patent and claim 1 of the 102 patent are clearly distinct. Each affords its owner a separate area of coverage. Each can be infringed without infringing the other. They are mutually exclusive and the lower courts both so found.

Thus, the question submitted is completely moot as far as this proceeding is concerned in view of the factual determination below that the patents are for different inventions.

III.

There can be no double patenting as between patents taken out on the same day.

What is the doctrine of double patenting which has been asserted by the petitioner in this litigation? Simply stated, the doctrine lays down the rule that one cannot obtain a valid patent claim covering subject matter which could have rightfully been claimed in an earlier patent of the patentee.

The reason for the rule is obvious. The patent grant affords coverage for a limited period of time. Thus, if a

new and later patent is issued to the same patentee for the same invention, it would operate to prolong the monopoly beyond the period allowed by law.

The key to invalidity on this ground is prolongation or extension of the patent grant. Where the patents concerned are issued on the same day, there can be no such extension as both expire at the same time and the reason for the rule is thus lacking.

Here Olander patents No. 2,663,101 and No. 2,663,102 both issued on December 22, 1953, and neither operates to extend or prolong the patent granted on the invention disclosed in the other.

The case of *Miller v. Eagle Manufacturing Co., supra*, relied on by petitioner, does not support the petitioner's position. Rather it fully supports that of the respondents by its reasoning to the effect that a patent cannot issue for an invention covered by a *former* patent because the later patent "would operate to extend and prolong the monopoly beyond the period allowed by law." Where the patents are concurrently granted there can be no such extension.

Petitioner has also cited *Underwood v. Gerber*, 149 U. S. 224, as authority for its position on this point. However, this case does not even concern double patenting and the patent there held invalid was held so because:

> "There was no patentable novelty or invention, in view of the earlier patents and publications put in evidence, in applying an existing coloring substance to paper."

Likewise the other authorities cited by petitioner are not concerned with double patenting.

The Court of Appeals below quoting liberally from the opinion reaffirmed the position it took in *Deister Concentrator Co. v. Deister Machine Co.* (C. A. 7), 263 Fed.

706, on this very question. In the *Deister* case after indicating that the claims of the two patents may have been joinable, the Court states—

> "but we are convinced that *no damage to the public resulted from their separate presentation in view of their simultaneous issuance.*"

The soundness of this reasoning is obvious. Petitioner here has failed to show any possible damage to the public in this an identical situation.

CONCLUSION

The petitioner has presented two questions to this Court. The first fails to fully state the critical and undisputed facts upon which the courts below based their decisions—decisions which recognize that the petitioner of its own volition fully assumed the position of another party in litigation on the same question and thus, under the doctrine of res judicata, should be bound just as such other party to the results of that litigation.

The second question presented is merely academic as it is based on a supposition which is contrary to the specific findings of the courts below. And even if these findings were to be ignored or reversed, the assertion of invalidity on the ground of double patenting must fail as the basis therefor is missing where the patents concerned are issued concurrently.

Under these circumstances the petition should be denied.

Respectfully submitted,

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NOTICE OF SERVICE

This is to certify that four copies of this brief have been served on G. R. Harris, counsel for petitioner, by mailing the same to him at his last known address, this — day of July, 1961.

ANDREW E. CARLSEN